

**James Madison to Thomas Jefferson, August 12, 1786.  
Partly in Cipher. Transcription: The Writings of James  
Madison, ed. Gaillard Hunt. New York: G.P. Putnam's  
Sons, 1900-1910.**

**TO THOMAS JEFFERSON.**

Philada, Aug: 12th, 1786.

Dear Sir, —My last of the 19th of June intimated that my next would be from N. York or this place. I expected it would rather have been from the former which I left a few days ago, but my time was so taken up there with my friends and some business that I thought it best to postpone it till my return here. My ride through Virga, Maryd, and Pena, was in the midst of harvest. I found the crops of wheat in the upper parts of the two former considerably injured by the wet weather which my last described as so destructive in the lower parts of those States. The computed loss where I passed was about one third. The loss in the Rye was much greater. It was admitted however that the crops of both would have been unusually large but for this casualty. Throughout Pena the wheat was unhurt, and the Rye very little affected. As I came by the way of Winchester & crossed the Potowmac at Harper's I had an opportunity of viewing the magnificent scene which nature here presents. I viewed it however under great disadvantages. The air was so thick that distant objects were not visible at all, and near ones not distinctly so. We ascended the mountain also at a wrong place, fatigued ourselves much in traversing it before we gained the right position, were threatened during the whole time with a thunder storm, and finally overtaken by it. Had the weather been favorable the prospect would have appeared to peculiar advantage, being enriched with the harvest in its full maturity, which filled every vale as far as the eye could reach. I had the additional pleasure here of seeing the

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progress of the works on the Potowmac. About 50 hands were employed at these falls or rather rapids, who seemed to have overcome the greatest difficulties. Their plan is to slope the fall by opening the bed of the river, in such a manner as to render a lock unnecessary, and, by means of ropes fastened to the rocks, to pull up & ease down the boats where the current is most rapid. At the principal falls 150 hands I was told were at work, and that the length of the canal will be reduced to less than a mile, and carried through a vale which does not require it to be deep. Locks will here be unavoidable. The undertakers are very sanguine. Some of them who are most so talk of having the entire work finished in three years.<sup>1</sup> I can give no particular account of the progress on James River, but am told it is very flattering. I am still less informed of what is doing in North Carolina towards a Canal between her & our waters. The undertaking

on the Susquehannah is said to be in such forwardness as to leave no doubt of its success. A negotiation is set on foot between Pena., Maryd, & Delaware, for a canal from the head of Chesapeake to the Delaware. Maryd as I understand heretofore opposed the undertaking, and Pena means now to make her consent to it a condition on which the opening of the Susquehannah within the

<sup>1</sup> The MSS. records of the Chesapeake and Ohio Canal Company in the office of the Company in Washington show the work referred to here of the Potomac Company.

limits of Pena will depend. Unless this is permitted the opening undertaken within the limits of Maryland will be of little account. It is lucky that both parties are so dependent on each other as to be thus mutually forced into measures of general utility. I am told that Pena. has complied with the joint request of Virga and Maryland for a Road between the head of Potowmac and the waters of the Ohio and the secure & free use of the latter through her jurisdiction. These fruits of the Revolution do great honour to it. I wish all our proceedings merited the same character. Unhappily there are but too many belonging to the opposite side of the acct. At the head of these is to be put the general rage for paper money. Pena. & N. Carolina took the lead in this folly. In the former the sum emitted was not considerable, the funds for sinking it were good, and it was not made a legal tender.

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It issued into circulation partly by way of loan to individuals on landed security, partly by way of payment to the public creditors. Its present depreciation is about 10 or 12 per ct. In N. Carolina the sums issued at different times has been of greater amount, and it has constantly been a tender. It issued partly in payments to military creditors and latterly, in purchases of Tobo. on public account. The Agent I am informed was authorised to give nearly the double of the current price, and as the paper was a tender, debtors ran to him with their Tobo., and the creditors paid the expence of the farce. The depreciation is said to be 25 or 30 per Ct. in that State. S. Carolina was the next in order. Her emission was in the way of loans to individuals, and is not a legal tender. But land is there made a tender in case of suits which shuts the Courts of Justice, and is perhaps as great an evil. The friends of the emission say that it has not yet depreciated, but they admit that the price of commodities has risen, which is evidently the form in which depreciation will first shew itself. New Jersey has just issued £30,000 (dollars at 7 s 6) in loans to her citizens. It is a legal tender. An addition of £100,000 is shortly to follow on the same principles. The terror of popular associations stifles as yet an overt discrimination between it & specie; but as this does not operate in Philada & N. York where all the trade of N. J. is carried on, its depreciation has already commenced in those places & must soon communicate itself to N. J. New York is striking £200,000 (dollar at 8 s. ) on the plan of loans to her citizens. It is made a legal tender in case of suits only. As it is but just issuing from the press, its depreciation exists only in the foresight of those who reason without prejudice on the subject. In Rhode Island, £100,000 (dollar at 6 s. ) has lately been issued in loans to individuals. It is not only made a tender, but severe penalties annexed to the least attempt direct or indirect to give a preference to specie. Precautions dictated by distrust in the rulers soon produced it in the people. Supplies were withheld from the Market, the Shops were shut, popular meetings ensued, and the State remains in a sort of convulsion.

The Legislature of Masss. at their last Session rejected a paper emission by a large majority. Connecticut & N. Hampshire also have as yet forborne, but symptoms of danger it is said begin to appear in the latter. The Senate of Maryland has hitherto been a bar to

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paper in that State. The clamor for it is now universal, and as the periodical election of the Senate happens at this crisis, and the whole body is unluckily by their Constitution to be chosen at once, it is probable that a paper emission will be the result. If, in spite of the zeal exerted agst the old Senate a majority of them should be re-elected, it will require all their firmness to withstand the popular torrent. Of the affairs of Georgia I know as little as of those of Kamskatska. Whether Virga is to remain exempt from the epidemic malady will depend on the ensuing Assembly. My hopes rest chiefly on the exertions of Col. Mason and the failure of the experiments elsewhere. That these must fail is morally certain; for besides the proofs of it already visible in some States, and the intrinsic defect of the paper in all, this fictitious money will rather feed than cure the spirit of extravagance which sends away the coin to pay the unfavorable balance, and will therefore soon be carried to market to buy up coin for that purpose. From that moment depreciation is inevitable. The value of money consists in the uses it will serve. Specie will serve all the uses of paper, paper will not serve one of the essential uses of specie. The paper therefore will be less valuable than specie. Among the numerous ills with which this practice is pregnant, one I find is that it is producing the same warfare & retaliation among the States as were produced by the State regulations of commerce. Massts & Connecticut have passed laws

enabling their Citizens who are debtors to Citizens of States having paper money, to pay their debts in the same manner as their Citizens who are creditors to Citizens of the latter States are liable to be paid their debts. The States which have appointed deputies to Annapolis are N. Hampshire, Massts, R. Island, N. Y., N. J., Pena., Delaware, & Virga. Connecticut declined not from a dislike to the object, but to the idea of a Convention, which it seems has been rendered obnoxious by some internal Conventions, which embarrassed the Legislative Authority. Maryd., or rather her Senate negatived an appointment because they supposed the measure might interfere with the plans or prerogatives of Congs. N. Carolina has had no Legislative meeting since the proposition was communicated. S. Carolina supposed she had sufficiently signified her concurrence in a general regulation of trade by vesting the power in Congress for 15 years. Georgia — —. Many Gentlemen

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both within & without Congs, wish to make this Meeting subservient to a plenipotentiary Convention for amending the Confederation. Tho' my wishes are in favor of such an event, yet I despair so much of its accomplishment at the present crisis that I do not extend my views beyond a commercial Reform. To speak the truth *I almost despair even of this.* <sup>1</sup> You will find the *cause in a measure* now before Congress of which you will receive the detail from Col. Monroe. I content myself with *hinting* that it is

<sup>1</sup> The portions of the letter in cypher are represented by italics.

*proposed treaty with Spain one article of which shuts up the Mississippi twenty-five or thirty years* , passing by the other *Southern States*, figure to yourself the effect of such a stipulation on the Assembly of Virginia , already *jealous of Northern politics* and which will be composed of about *thirty members* from the *Western waters* , of a majority of others attached to the *Western Country* from interests of their own, of their friend or their constituent , and of many others who though indifferent to *Mississippi*, will zealously play off the *disgust of its friends against federal measures*. Figure to yourself its effect on the *people at large* on the *western waters* , who are impatiently waiting for a favorable result to the *negotiation with Gardoqui* , & who will consider *themselves as sold* by their *Atlantic brethren*. Will it be an unnatural consequence if they consider *themselves absolved* from every *federal tie* and *court some protection* for their *betrayed rights*. This *protection* will appear more attainable from the *maritime power* of *Britain* than from any other quarter; and *Britain* will be *more ready than any other nation* to seize an opportunity of *embroiling our affairs*. What may be the motive *with Spain* to satisfy herself with a temporary occlusion of the *Mississippi* at the same time that *she holds forth* our claim to it as *absolutely inadmissible* is matter for conjecture only. The patrons of the measure in Congress contend that the Minister , who at present governs the *Spanish councils* means only to *disembarrass himself at the expence* of the successors. I should rather suppose *he means to work a total separation of interest and affection between western & eastern settlements* and to *foment the jealousy between the Eastern & Southern States*. By the former the *population of the Western Country* it may be expected, will be checked

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and the *Mississippi* so far secured; and by both the general security of *Spanish America* be promoted. As far as I can learn the assent of *nine States* in Congress will not at this time be got to the projected treaty but an *unsuccessful attempt* by six or seven will favor the views of *Spain* and be fatal I fear to an *augmentation* of the federal authority if not to the *little now existing*. My personal situation is rendered by this business particularly mortifying. Ever since I have been out of Congress I have been inculcating on our Assembly a confidence in the equal attention of Congress to the rights and interests of every part of the republic and on the Western members in particular, the necessity of making the Union respectable by new powers to Congress if they wished Congress to negotiate with effect for the *Mississippi*. I leave to Col. Monroe the giving you a particular account of the Impost. The Acts of Penna, Delaware & N. York must be revised & amended in material points before it can be put in force, and even then the fetters put on the collection by some other States will make it a very awkward business. Your favor of 25th. of April from London found me here. My letter from Richmd at the close of the Assembly will have informed you of the situation in which British debts stand in Virga. Unless Cons say something on the subject I do not think anything will be done by the next Session. The expectations of the British Merchants coincide with the information I had recd, as your opinion of the steps proper to be taken by the Assembly do with those for which I have ineffectually contended. The merits of Mr. P[aradise] will ensure every attention from me to his claim as far as general principles will admit. I am afraid that these will insuperably bar his wishes. The Catalogues sent by Mr. Skipwith I do not expect to receive till I get back to Virga. If you meet with "Græcorum Respublicæ ab Ubbone Emmio descriptæ," Sugd. Batavorum, 1632, pray get it for me.

My trip to N. Y. was occasioned chiefly by a plan concerted between Col. Monroe<sup>1</sup> & myself for a purchase of land on the Mohawk. Both of us have visited that district and were equally charmed with it. The soil is perhaps scarcely inferior to that of Kentucky, it lies within the body of the Atlantic States & at a safe distance from every frontier, it is contiguous to a branch of Hudson's River which is navigable with trifling portages which

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will be temporary, to tide-water, and is not more than ten 15 or 20 miles from populous settlements, where land sells at £r8 to £10 per acre. In talking of this Country some time ago with *General Washington* he considered it in the same light with Monroe and myself, intimating that if he had money to spare and was disposed to deal in land, this is the

1 Monroe left the White House hopelessly broken in fortune and spent the latter part of his life in absolute poverty. Madison and Jefferson left behind them estates overburdened with debt. No one of the three possessed the talent of either making or saving money. It was this land speculation, however, which Madison believed would make him moderately wealthy.

very Spot which his fancy had selected of all the U. S. We have made a small purchase, and nothing *but the difficulty of raising a sufficient sum restrained us from making a large one*. In searching for the *means of overcoming this difficulty* one has occurred which we have agreed that *I should mention to you* , and which if *you should think as we do* is *recommended* by the prospect of *advantage to yourself as well as to us*. We mention it *freely because we trust that if it does not meet with your sanction — you will as freely tell us so*. 1 It is that the *aid of your credit in your private capacity be used for borrowing say four or five thousand louis more or less, on the obligation of Monroe and myself with your suretyship to be laid out by Monroe and myself for our triple emolument on interest not exceeding six p. cent to be paid annually and the principle within a term not less than eight or ten years*. To guard agst. accidents a private *instrument* might be *executed among ourselves such writing specifying all necessary covenants*. We have not taken the resolution of *this plan without well examining the expediency of your becoming a party to it* as well as the *prospect of its succeeding*. There can certainly be *no impropriety in your taking just means of bettering your fortune* , nor can we *discover in your doing this on the Mokawk more than on james River*. For the prospect of *gain by rise of the land beyond the interest of the money we calculate on the present difference of pri [ ce ] between the settled & vacant land far beyond any possible*

difference in the *real value*. The



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1 August 15 Madison sent the substance of this part of the letter to Monroe. Mad. MSS.

former as has been noted *sells for eight or ten pounds per acre*. The latter distinguished only by its being a little *higher up the River* & its being *uninhabited* was *bought by us for one dollar & a half* and there is little doubt that *by taking up a large quantity*, still *better bargains may be got*. This comparative *cheapness* proceeds from causes which are accidental & temporary. The *lands in question* are chiefly in the *hands of men who hold large quantities* and who are either *in debt* or *live in the city at an expence* for which *they have no other resource* or are *engaged in transactions* that *require money*. The scarcity of *specie* which enters *much into the cheapness* is probably but temporary also. As it is the *child of extravagance* it will become the *parent of economy*, which will regain us our due share of the *universal medium*. The same vicissitude which can only be retarded by our *short-lived substitutes of paper* will be attended also by such a *fall in the rate of exchange* that *money drawn by bills from Europe now* and *repaid a few years hence* will probably *save one years interest at least*. I will only add that scarce an instance has happened in which *purchases of new lands of good quality* and *in good situations* have not *well rewarded the adventurers*. With these remarks which determine *our judgments we submit to your better one the project to which they relate*. Wishing you every possible happiness I remain Dr Sir your affectionate friend & Servt.

Mrs. House and Mrs. Trist desire to be particularly remembered to yourself and Miss Patsy. I left with Col Monroe letters for you both from Mrs. T. which will probably go by the same packet with this.